

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-243-E - ORDER NO. 2004-536
OCTOBER 27, 2004

IN RE: Application of Progress Energy Carolinas,)
Inc. (PEC) for Permission to Sell 2600 Acres)
of Land (Non-Utility Property) near)
Asheville, NC to the State of North Carolina.)

ORDER APPROVING
SALE OF PROPERTY

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Progress Energy Carolinas, Inc. (PEC or the Company) for permission to sell 2600 acres of land (non-utility) property near Asheville, North Carolina to the State of North Carolina that is no longer needed to provide utility service.

The Company states that in the early 1970's in preparation for the construction of a nuclear electric generating plant, PEC acquired 2600 acres of land located approximately 10 miles north of Asheville, North Carolina, near the Sandymush and Turkey Creeks. From the date of its acquisition until 2000 the land was held in Federal Energy Regulatory Commission (FERC) Account No. 105, Plant Held for Future Use. In 2000, due to changes in generation technology and load growth in PEC's service territory, PEC determined that it is reasonably certain that it will not need this land for any electric utility purpose and transferred it to FERC Account No. 121, Non-utility Property.

The State of North Carolina wishes to purchase this land from PEC, and PEC wishes to sell this land to North Carolina. The current book value of this property is \$3.3

million and its fair market value is approximately \$10 million. The Company furnished copies of the two appraisals of the property, dated January 20, 2004 and March 1, 2004, which demonstrate that the fair market value of the property is \$10,040,000 to \$10,354,500. PEC states that it intends to enter into a contract for the sale of this property at its fair market value.

S.C. Code Ann. Section 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling or otherwise transferring utility property with a fair market value greater than \$1 million. While the land in question has not been in a utility plant account since March of 2000, according to the Company, Commission approval is still required because the statute requires Commission approval for assets that have been in a utility plant account within the past 5 years. Accordingly, PEC applies to the Commission for permission to sell the land in question.

The Company's proposed accounting treatment for this transaction is as follows: FERC Account No. 121, Non-Utility Property, will be credited for the book value of the property; and FERC Account No. 411.6, Gains From Disposition of Utility Property, will be credited for the difference between the book value and sale price.

We have examined this matter, and approve the sale of the property as filed. PEC states its intention to contract to sell the property at fair market value. Further, we approve the proposed accounting treatment for the transaction.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice Chairman

(SEAL)